Defense Acquisition University

2016 Acquisition Update

Bill Phillips

18 February 2016

Defense Acquisition Reform

“ Most attempts to implement improvements in the management of the defense acquisition process during the past fifty years have fallen short of their objectives…A more comprehensive approach is required..

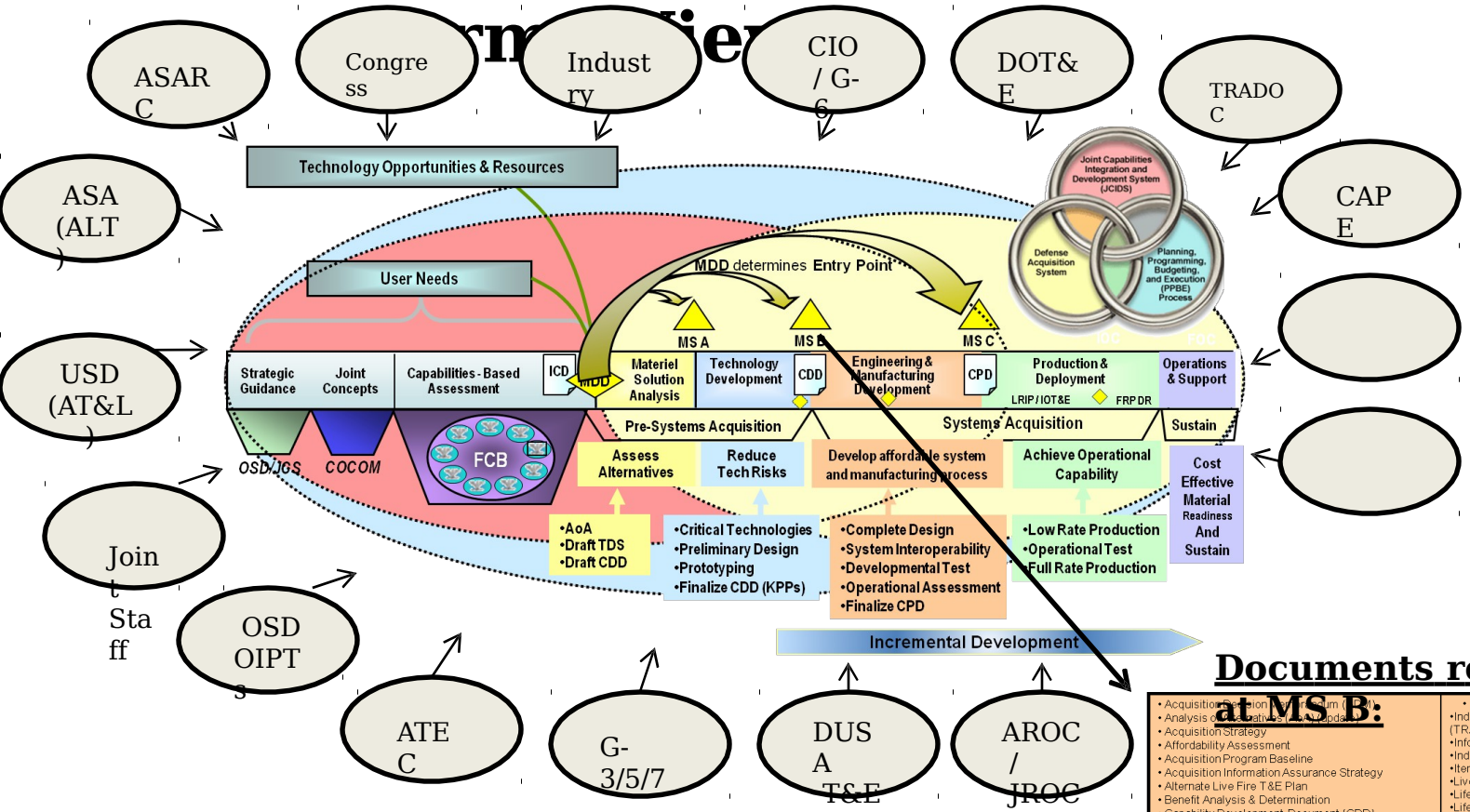
…The acquisition process has a number of built-in, even cultural, aspects that resist change. These include…an irregular and erratic flow of weapons systems appropriations [and] the very nature of cutting-edge, highly risky research and development...”

~ Defense Acquisition Reform, 1960-2009

An Elusive Goal

Harvard Business School and Center of Military History Study

Acquisition is a complex process, with multiple stakeholders



Documents required at MS B:

- Acquisition Decision Memorandum (ADM)
- Analysis of Alternatives (AoA) Update
- Acquisition Strategy
- Affordability Assessment
- Acquisition Program Baseline
- Acquisition Information Assurance Strategy
- Alternate Live Fire T&E Plan
- Benefit Analysis & Determination
- Capability Development Document (CDD)
- Certification of Compliance with the Business Enterprise Architecture (financial mgmt systems)
- Clinger-Cohen Act (CCA) Compliance
- Clinger-Cohen Act Certification (MAIS)
- CIO Confirmation of CCA Compliance (non-MAIS IT)
- Consideration of Technology Issues (ACAT I & II)
- Competition Analysis
- Component Cost Analysis (CCA) (MAIS)
- Component Cost Estimate (CCE)
- Cooperative Opportunities
- Core Logistics Analysis/Source of Repair Analysis
- Cost Analysis Requirements Description (CARD) (MDAP & MAIS)
- Corrosion Prevention Control Plan
- Data Management Strategy
- Economic Analysis (MAIS)
- Exit Criteria
- Initial Capabilities Document (ICD)
- Independent Cost Estimate (ACAT I)
- Independent Technology Readiness Assessment (TRA) (ACAT ID)
- Information Support Plan (ISP)
- Industrial Base Capabilities (MDAP)
- Item Unique Identification Impl Plan (SEP annex)
- Live Fire T&E Waiver
- Life Cycle Sustainment Plan (LCSP)
- Life Cycle Signature Support Plan
- LRIP Quantities (ACAT I & II)
- Manpower Estimate (MDAP)
- Market Research
- MDA Program Certification
- Net-Centric Data Strategy (in ISP)
- Operational Test Agency OT&E Report
- Preliminary Design Review Report
- PM's Developmental Test Report
- Program Protection Plan (PPP)
- Programmatic Environmental Safety & Occupational Health Evaluation (PESHE)
- Replaced System Sustainment Plan
- Selected Acquisition Report (SAR) (MDAP)
- Spectrum Supportability Determination
- Systems Engineering Plan (SEP)
- System Threat Assessment Report (STAR)(ACAT I)
- System Threat Assessment (ACAT II)
- Technology Readiness Assessment (TRA)
- Test & Evaluation Master Plan (TEMP)

- **Complex and additive** layers of statute, regulation, and policy build over time to create an unclear, inefficient, and bureaucratic process that program managers must follow
- **Too many stakeholders** lead to exhaustive and time-consuming reviews, staffing, briefs, and pre-briefs

Acquisition Reform- “Changing Paradigm”

New Focus 2015 and Beyond: greater **streamlining** for **Effectiveness** and **Efficiency**

2015: Streamlining the Process

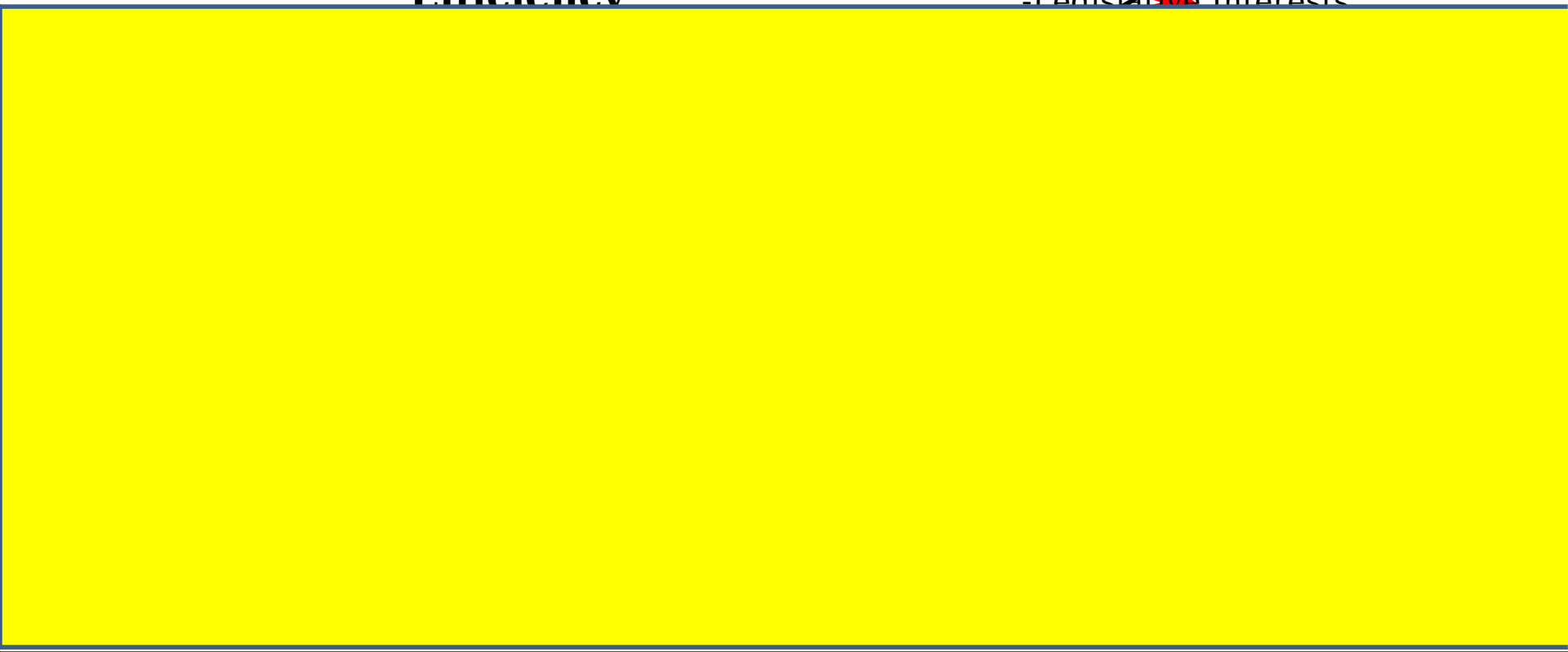
-Thornberry Review/Legislation

-McCain Review/Legislation

-BBP 3.0

-Rewrite DoDI 5000.2

-Legislative Interests

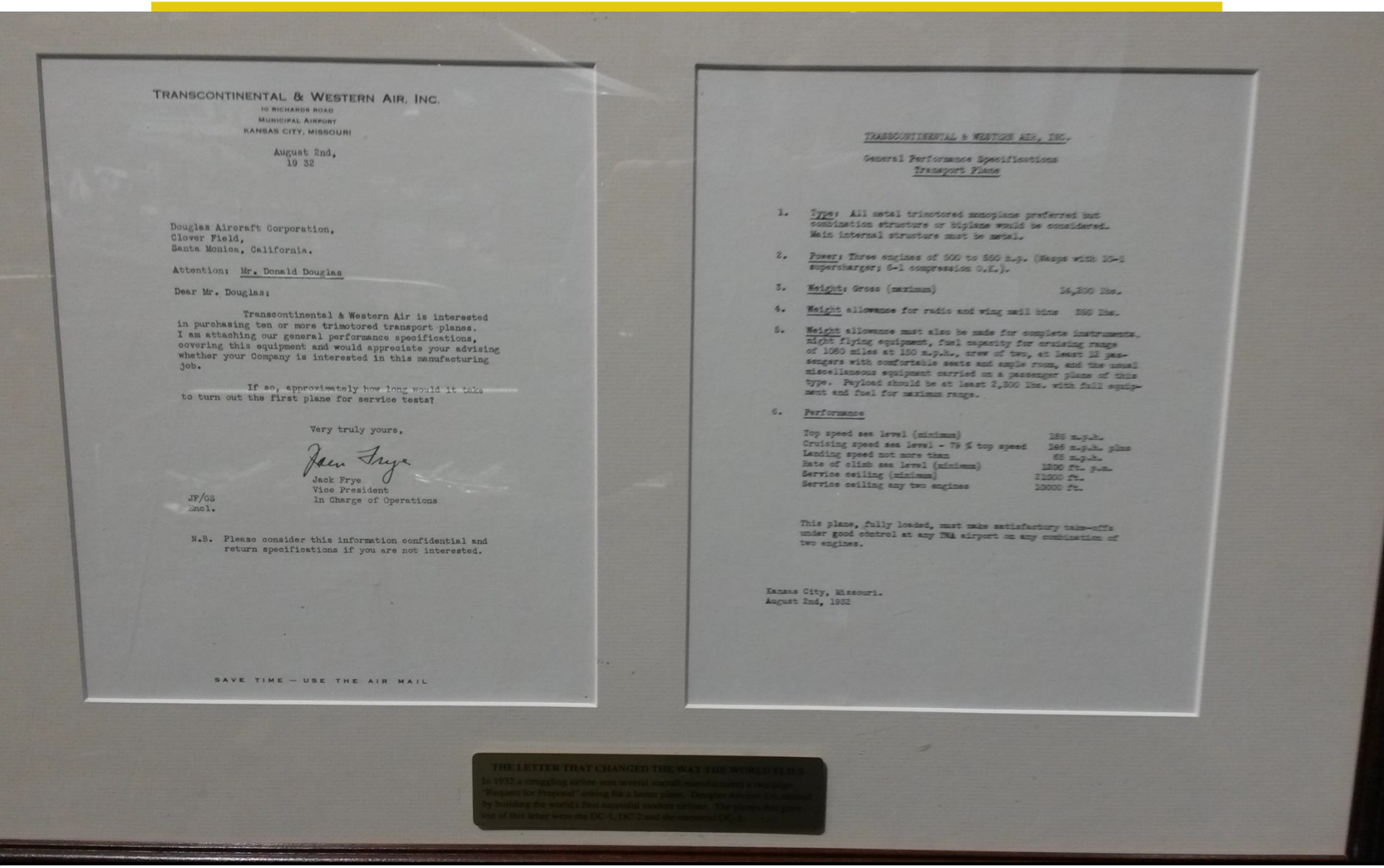


Paperwork Challenge

“Our two greatest problems are **gravity** and **paperwork**. We can lick gravity - but sometimes the paperwork is overwhelming”

--

Aviation Requirement



TRANSCONTINENTAL & WESTERN AIR, INC.
10 RICHARDS ROAD
MUNICIPAL AIRPORT
KANSAS CITY, MISSOURI

August 2nd,
19 32

Douglas Aircraft Corporation,
Clover Field,
Santa Monica, California.

Attention: Mr. Donald Douglas

Dear Mr. Douglas:

Transcontinental & Western Air is interested in purchasing ten or more trimotored transport planes. I am attaching our general performance specifications, covering this equipment and would appreciate your advising whether your Company is interested in this manufacturing job.

If so, approximately how long would it take to turn out the first plane for service tests?

Very truly yours,

Jack Frye
Vice President
In Charge of Operations

JF/GS
Encl.

N.B. Please consider this information confidential and return specifications if you are not interested.

SAVE TIME — USE THE AIR MAIL

TRANSCONTINENTAL & WESTERN AIR, INC.

General Performance Specifications
Transport Plane

1. Type: All metal trimotored monoplane preferred but combination structure or biplane would be considered. Main internal structure must be metal.

2. Power: Three engines of 500 to 550 h.p. (Wasps with 10-1 supercharger; 6-1 compression O.K.).

3. Weight: Gross (maximum) 14,300 lbs.

4. Weight allowance for radio and wing mail bins 350 lbs.

5. Weight allowance must also be made for complete instruments, night flying equipment, fuel capacity for cruising range of 1080 miles at 150 m.p.h., crew of two, at least 12 passengers with comfortable seats and ample room, and the usual miscellaneous equipment carried on a passenger plane of this type. Payload should be at least 2,500 lbs. with full equipment and fuel for maximum range.

6. Performance

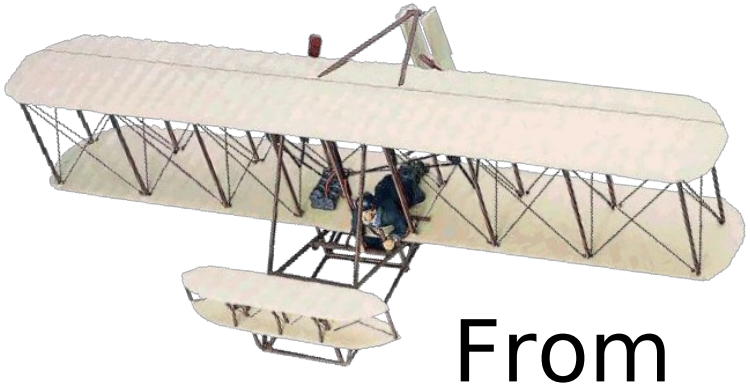
Top speed sea level (minimum)	155 m.p.h.
Cruising speed sea level - 75 % top speed	146 m.p.h. plus
Landing speed not more than	65 m.p.h.
Rate of climb sea level (minimum)	1200 ft. p.m.
Service ceiling (minimum)	21000 ft.
Service ceiling any two engines	10000 ft.

This plane, fully loaded, must make satisfactory take-offs under good control at any TWA airport on any combination of two engines.

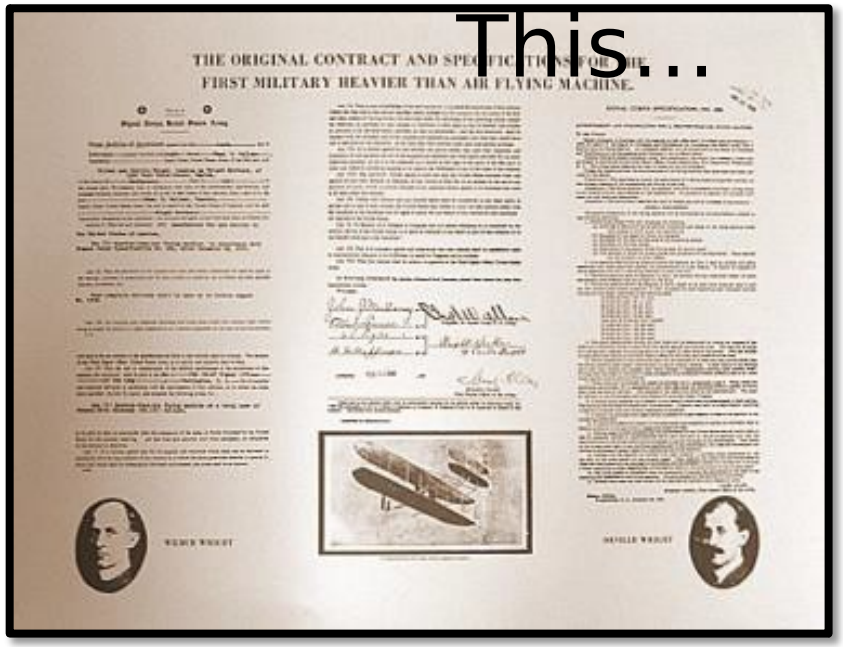
Kansas City, Missouri.
August 2nd, 1932

THE LETTER THAT CHANGED THE WAY THE WORLD FLIES

Managing Programs Has Increased Complexity!



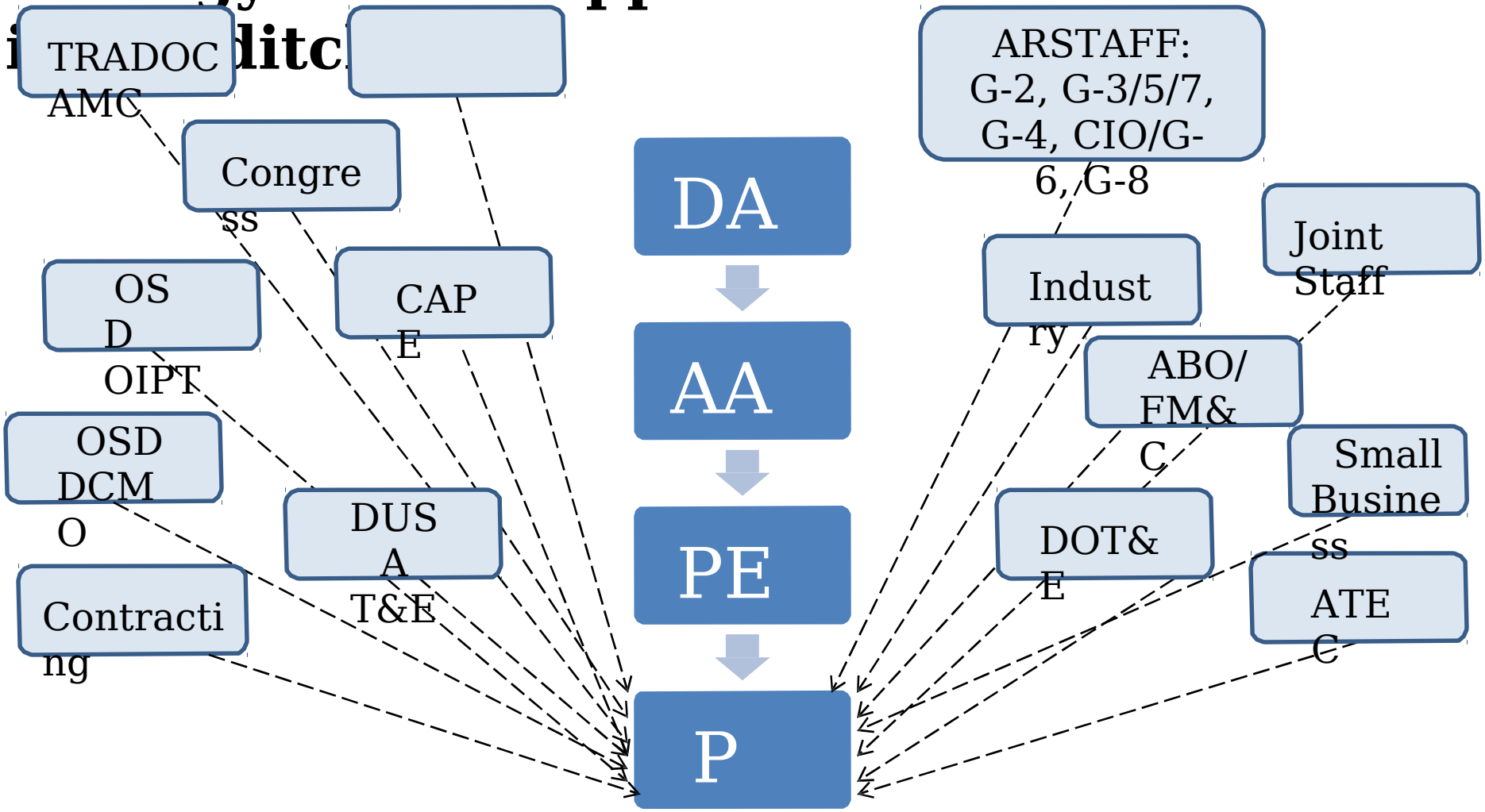
From This…



To This!

Lines of Authority & Key Stakeholder Input

Analogy: What happens when the bus runs i ditc



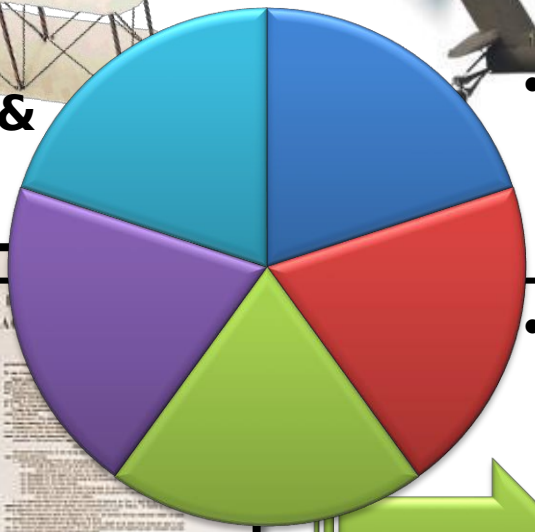
Improvement Opportunities

BUSINESS DEALS

- Understanding Industry and Industry understanding DoD (customers)
- Industry's Finance & Approach to Investments

LIFECYCLE COST

- Excessive O&M Cost Growth – can industry help?
- Better is Enemy of Good-enough – efficiency and affordability!
- Incentivizing O&S cost reduction



CYCLE TIME

- IRAD Execution
- Extended Contract Timelines
- Product Obsolescence of Equipment Due to Acq. Cycle
- Technology Evolving Faster – Take Advantage of Disruptive Technologies
- Requirements Creep
- Leverage IRAD
- Under-Strength Workforce
- Under-Resourced Training (DAU)
- Changing Priorities
- Lack of Transparency
- Wartime v. Baseline Budget (False Sense of Security)

PROGRAM RISK

- Unrealistic Requirements
- Trade Space Inefficiencies
- Lack of M&S utilization (Immature)
- Technology Producibility (Immature Technology)
- P&E efficiency (longer MTBF)

MANAGEMENT OF RESOURCES

Improvement Opportunities

BUSINESS DEALS

- Understanding Industry is Important
- Industry's Finance & Approach to Investments
- Extended Contract Timelines
- IRAD Execution

LIFECYCLE COST

- Excessive O&M Cost Growth – can industry help?
- Better is Enemy of Good-enough
- Incentivizing O&S cost efficiency and affordability

CYCLE TIME

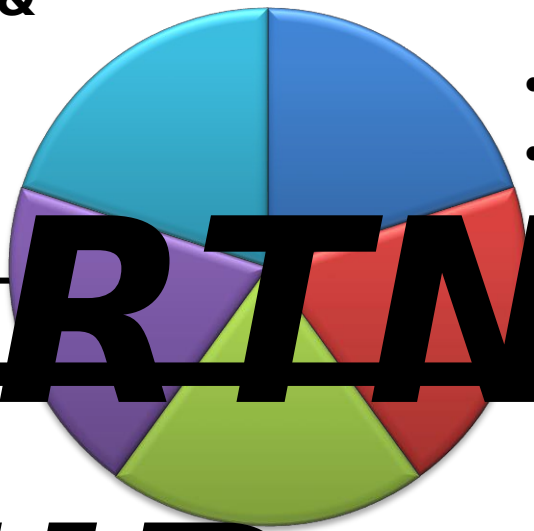
- Product Obsolescence due to Accelerated Technology Evolving Faster – Take Advantage of Disruptive Technologies
- Equipment Due to Acq Cycle
- T&E efficiency
- Requirements Creep

PROGRAM MANAGEMENT

- Unrealistic R&M Requirements
- Trade Space Inefficiencies (Immature Technology)
- Lack of M&S utilization (Producibility)
- Technology (longer MTBF)

RESOURCES

- Leverage IRAD
- Under-strength Workforce
- Under-resourced Training (DAU)
- Changing Priorities
- Lack of Transparency
- Wartime v. Baseline Budget (False Sense of Security)



PARTNERSHIP

Better Buying Power 3.0

Achieving Dominant Capabilities through Technical Excellence and Innovation

Achieve Affordable Proarams
- Continue to set and enforce affordability caps

Achieve Dominant Capabilities While Controllina Lifecycle Costs
- Strengthen and expand "should cost" based cost management
- Anticipate and plan for responsive and emerging threats by building stronger partnerships of acquisition, requirements and intelligence communities
- Institutionalize stronger DoD level Long Range R&D Program Plans
- Strengthen cybersecurity throughout the productlifecycle

Incentivize Productivity inIndustrv and Government
- A lign profitabil ty more tightly w ith Department goals
- Employ appropriate contract types, but increase the use of incentive type contracts
- Expand the superior supplierincentive program
- Ensure effective use of Perfonnance-Based Logistics
- Remove barriers to commercial technology util zation
- Improve the return on investment in DoDlaboratorjes
- Increase the use of prototyping and experimentation
- Increase the productivity of corporate IRAD
- Emphasize technology insertion and refresh in program planning
- Use Modular Open Systems Architecture to stimulate innovation
- Increase the return on and access to small business research and development
- Provide draft technical requirements to industry early and involve industryin funded concept definition
- Provide clear and objective "best value" definitions to industry

Incentivize Innovation inIndustry and Government

El minate Unproductive Processes and Bureaucracy
- Emphasize acquisition chain of command responsibility, authority and accountability
- Reduce cycle times whi e ensuring soundinvestments
- Stream line documentation requirements and staff reviews
- Remove unproductive requirementsimposed on industry

Promote Effect ve Competition
- Create and maintain competitive environments
- Improve DoD outreach for technology and products from global markets
- Increase small business participation, including more effective use of market research

!IJ.lprove Tra_<!_e_c_r:aftin Ac_qµisj_tj_on 01._S_ervices
- Strengthen contract management outside the normal acquisition chain - installations, etc.
- Improve requirements definition for services
- Improve the effectiveness and productivity of contracted engineering and technical services

Improve the Professionalism of the Total Acquisition Workforce
- Establ sh higher standards for keyleadership positions
- Establ sh stronger professional qualification requirements for all acquisition specialties

Strengthen organic engineering capabil ties

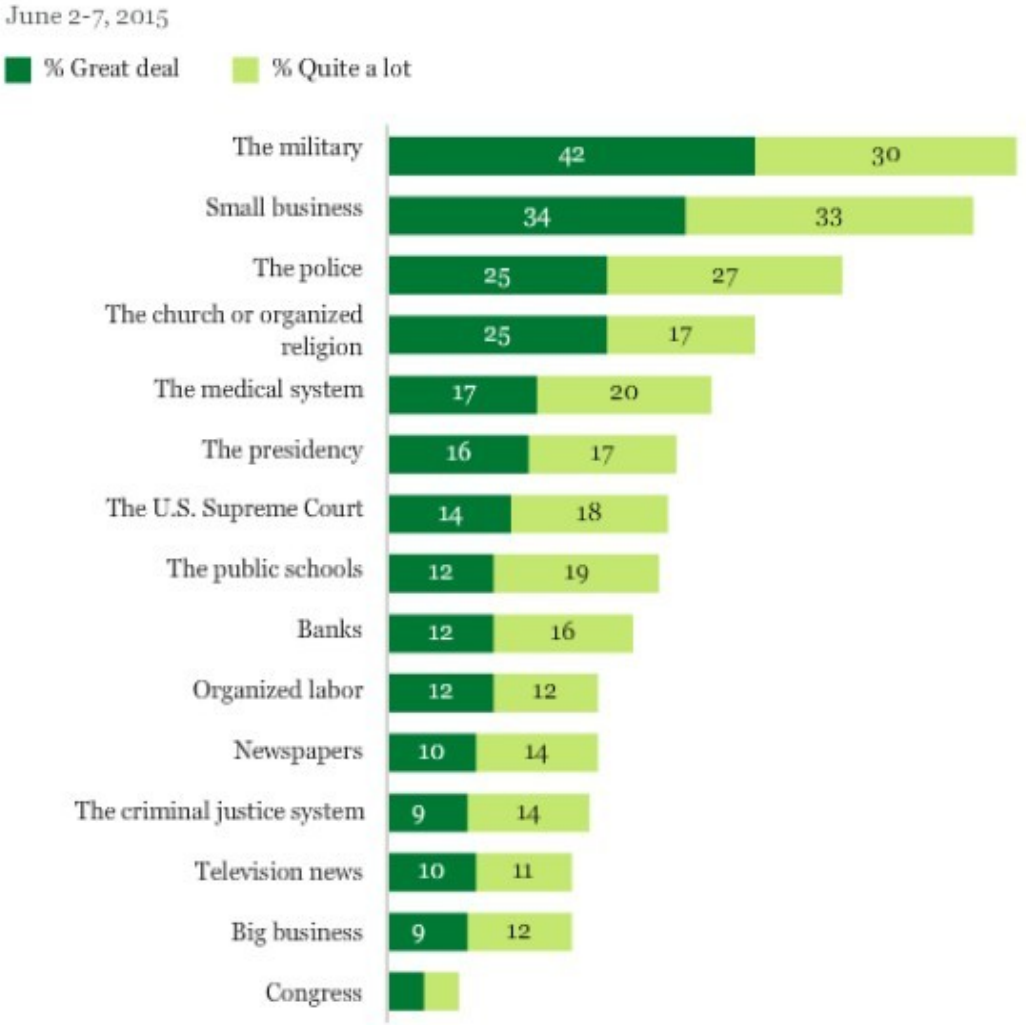
Ensure development programleadership is technically qualified to manage R&D activities
- Improve ourleaders' abil ty to understand and mitigate technical risk
- Increase DoD support for STEM education

Continue Strengthening Our Culture of:
Cost Consciousness, Professionalism, and Technical Excellence

Keys to Success

- Understanding each other is a two-way street
- Fight Complacency (industry doesn't have a right – arrogance is not a virtue!
- Understand that Government desires Effectiveness and then Efficiency.
  - Find ways to do so; especially in program support/logistics & production
- Industry should have a working knowledge of acquisition and it's requirements
- Speed matters – Government could do better leveraging disruptive technologies and advanced systems.
- Seek to eliminate and/or minimize friction points in the Acquisition and Contracting processes.
- Contracting Timelines impact Government and

Who Does America


June 2-7, 2015
% Great deal
% Quite a lot
The military 42 30
Small business 34 33
The police 25 27
The church or organized religion 25 17
The medical system 17 20
The presidency 16 17
The U.S. Supreme Court 14 18
The public schools 12 19
Banks 12 16
Organized labor 12 12
Newspapers 10 14
The criminal justice system 9 14
Television news 10 11
Big business 9 12
Congress

America Trusts our Armed Forces. Americans willingly send Their Sons & Daughters to Serve! They Trust that the Armed Forces and Industry, in Partnership, will Deliver Systems that Protect our nation's most precious resource!

Source: Gallup Poll Website

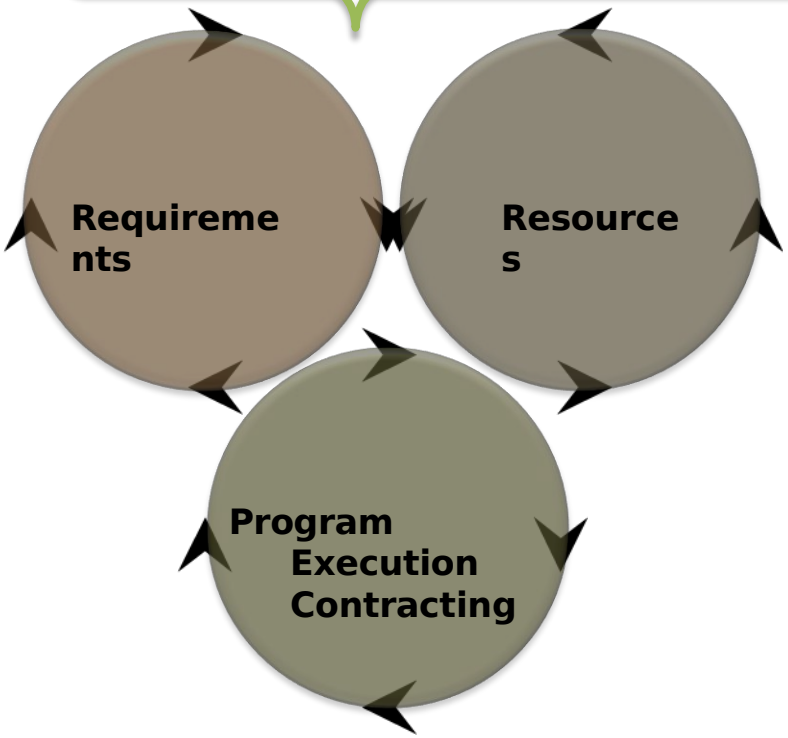
BACK-
UP

Changing the Acquisition Paradigm

"Driving Positive Change"

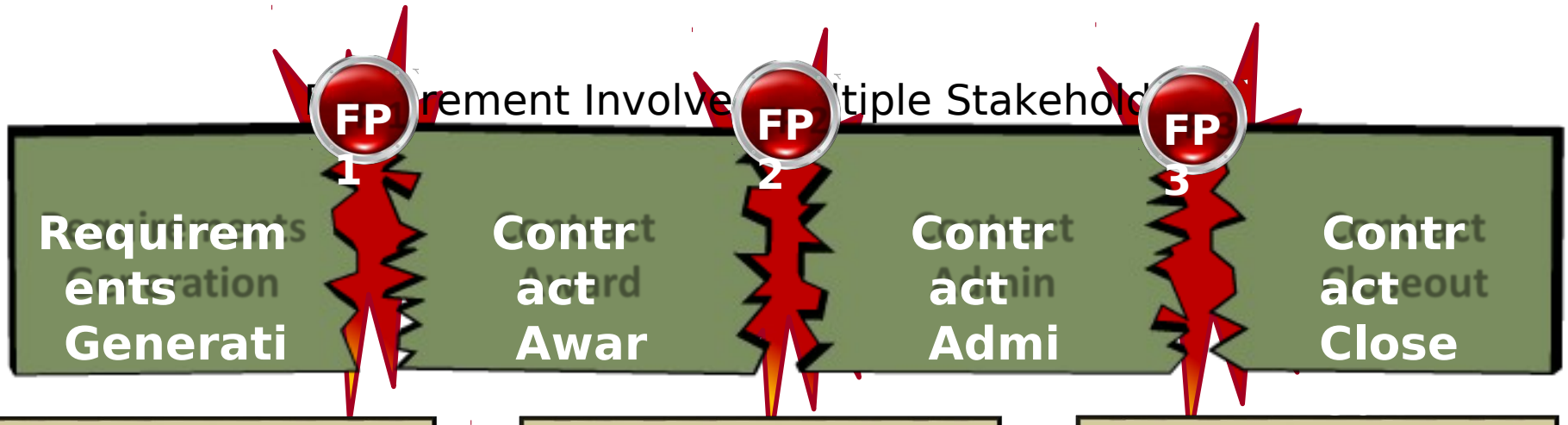
Requirements → Resources → Program Execution → Sustainment

Inherently Linked!!!!



- **Challenge assumptions & how we normally do it** ***"Think Bigger" Strategically!!!***
- **Driving Affordability (What requirements at what costs?)**
- **Align & Leverage Better Buying Power**
- **Implementing "Incremental" Strategy for Programs (Aviation)**
- **Test Efficiencies**
- **Embracing industry investment & feedback**

Contracting Friction Points!



Friction Point 1:

- Unstable Requirements
- Incomplete SOW/PWS
- Timelines
- Informed by Resources

Friction Point 2:

- DCMA Involved Upfront
- Post Award Actions
- Inadequate Oversight from Day 1
- Changes in Requirements

Friction Point 3:

- Final Audits
- Invoice Certification
- Property Accountability
- Closeout Focus

The Contract Lays the Framework for the Success or Failure of a Program